

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**SB 377 – HB 704**

February 13, 2017

**SUMMARY OF BILL:** Requires all campaign funds be deposited into and maintained by financial institutions meeting certain requirements and any interest, dividends, or income earned from such deposited funds be reported in the candidate's financial disclosure report. Authorizes the Tennessee Registry of Election Finance (TREF) to impose a civil penalty for any violation.

**ESTIMATED FISCAL IMPACT:**

**NOT SIGNIFICANT**

Assumptions:

- Campaign funds will be deposited into financial institutions insured by the Federal Deposit Insurance Corporation (FDIC), or the National Credit Union Administration (NCUA), and duly authorized to do business in Tennessee.
- According to the Department of Financial Institutions, there are approximately 358 institutions within Tennessee meeting those requirements.
- TREF currently requires the reporting of interest earned on campaign funds; therefore no new forms will be required.
- Violation of these requirements will be a class two offense, punishable by a civil penalty up to \$10,000 or 115 percent of the amount of funds invested in violation of the proposed requirements and, pursuant to Tenn. Code Ann. § 2-10-110(b), any penalties imposed are deposited into the state General Fund.
- Pursuant to Tenn. Code Ann. § 2-10-110(a)(2)(A), candidates who are in violation of other class two offenses have up to 10 business days following notification by TREF to correct omissions on campaign finance disclosure forms to avoid assessment of the penalty.
- The same notification and allotted time to correct any errors will be given to candidates in violation of the provisions created by this legislation.
- Any candidate notified of a violation will correct errors prior to being assessed a penalty; therefore, any increase in state revenue is estimated to be not significant.
- The proposed campaign finance investment and reporting requirements will not result in any significant fiscal impact to state or local government.

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**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in dark ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

/jrh